

# Long-Term Services and Supports HCBS Rate Methodology

**South Dakota Department of Human Services Division of Long-Term  
Services and Supports (LTSS)**

June 29th, 2023

# Agenda

- Welcome and Introductions
- Operating Guidelines and Goals
- Scope of Project
- Cost and Wage Survey
- Workgroup Timelines and Next Steps
- Upcoming Advisory Workgroups
- Questions and Answers

# Welcome and Introductions



# Roles, Collaborative Needs and Expectations

- Overall members within advisory workgroup: 23
- Membership representatives of individual providers and provider associations directly impacted by rate changes
- Members have a strong understanding of provider finances, reporting capabilities, and service costs
- Determine the common principles/parameters that will apply to the rate setting methodology
- Provider representatives will facilitate the timely and accurate submission of cost surveys and additional information as requested
- Establish a mechanism for communicating workgroup actions with individual provider organizations, provider associations, legislators and other stakeholders
- Cost, wage and other rate analysis components could demonstrate need for potential changes – both positive and negative – to service rates and level of reimbursement to providers

# Advisory Workgroup Participants

4 Total Workgroups

## Assisted Living

Laura Wilson - Marion Assisted Living Center  
 Scott Engel - Kellys Retirement  
 Rhona Snyder - Good Samaritan Society/Sanford  
 Heather Moeching - Edgewood Healthcare  
 Gayle Wookey - Fay Wookey memorial Assisted Living Center  
 Shelly Fredricksen - Regency Retirement  
 Michelle Carpenter - Dakota Counseling Insitute dba Rosewood Court  
 Deborah Bowar - Eastern Star Home of SD

## Meals

George Larson - Western SD Seniors Services, Inc - Meals on Wheels Western South Dakota  
 Rebecca Behnke - Active Generations  
 Jaclyn Boldt - Inter-Lakes Community Action  
 Brenda Franzen - The Center  
 Kristi Lichty - Wheels and Meals  
 Marla Blake - Area IV Senior Nutrition

## Community Living Homes

Samson Argo - Living Well Community Home

## Structured Family Caregiving

Steven Novotny - Homecare Services of South Dakota, Inc.  
 Sue Gregg - Careforth/SeniorLink

## Adult Day

Molly Keegan - Active Generations  
 Melanie Barclay – Adult Day Center of the Black Hills

## Legislative/Associations

Senator Bryan Breitling - Legislator  
 Thomas Elness - Alzheimer's Association  
 Brett Hoffman - SDHCA  
 Tammy Hatting - SDAHCO

## DHS/LTSS Staff

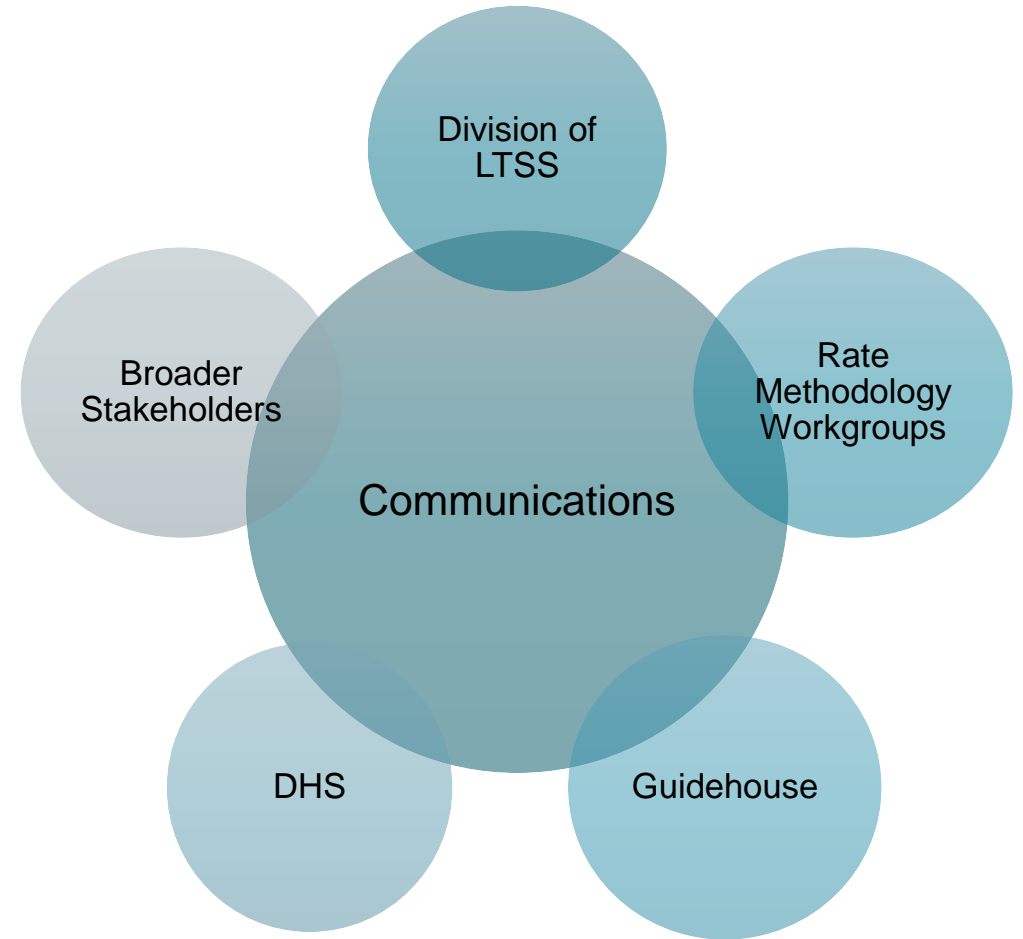
Heather Krzmarick  
 Misty Black Bear  
 Lesley Farmen  
 Caitlin Clarey  
 Mary Rea  
 Greg Evans  
 Steven Kohler



# Communication Goals and Objectives

Communication efforts between all stakeholder groups are intended to:

- Involve diverse perspectives and meaningfully include stakeholders in the study process
- Advance project goals and objectives, removing communication barriers and bottlenecks, wherever possible
- Offer transparency on methodology and findings throughout the study
- Support to Guidehouse to independently consider all perspectives throughout the rate methodology study process.
- Adhere to CMS requirements for rate development and stakeholder engagement pursuant to any future changes in Medicaid programs / policies (e.g., required public comment period, etc.)



# Scope of Project



# Long-Term Services and Supports (LTSS) Services

## Purpose of Rate Study

- Update rates to account for changes in costs and wages for the staff that provides these services
- Understand occupancy patterns and billable time
- Explore recommendations for competitive benefit assumptions
- Understand potential funding source nuances
- Key Deliverables:
  - Rate Models
  - Fiscal Impact
  - Final Report

## Scope of Services

Assisted Living

Community Living Homes

Structured Family Caregiving

Adult Day Services

Nutrition/Meals

# Guidehouse Approach to Rate-Building Across Programs/Services

Employs assumptions of:

- Wages
- Types of employees
- Staffing ratios
- Employee benefits
- Other provider costs



Recognizes the costs of services with service-specific variations

**Independent Model Approach –**  
An approach using state-specific data sources to develop the estimates for each cost component for each service.

Consideration of participant's specific needs (acuity level, dependent on available assessment data)



Assumptions can be derived from state, national or industry standard data

**Analysis  
requires  
multiple  
components**

# Common Sources of Data for Rate Studies

To build independent rates for each program consistent with the concept on the previous slide, we will use a variety of sources to inform our assumptions:

- Cost Reports (where available)
- Provider cost and wage survey data from South Dakota providers.
- *Bureau of Labor Statistics* (BLS) wage and employee-related expenses (ERE) data specific to South Dakota.
- *Medical Expenditure Panel Survey – Insurance Component* (MEPS-IC) state-specific data regarding health insurance (employer offer, employee take-up, premium and deductible levels).
- Inflation factors, both historic and forward-looking.
- *MMIS* Claims data.
- Other state and national benchmarks.

# Peer State Comparisons

Guidehouse plans to evaluate states that have commonalities with South Dakota to analyze services and their corresponding rates and service delivery.

## Peer States - Previous Experience

- ✓ Idaho
- ✓ Iowa
- ✓ Minnesota
- ✓ Nebraska
- ✓ North Dakota
- ✓ Montana
- ✓ Wyoming

## State Selection Criteria

- ✓ Regional neighbors and similar demographics
- ✓ Similar reimbursement approaches
- ✓ Similar service structure and specifications
- ✓ Acuity adjustment comparisons

# Cost and Wage Survey

# Provider Cost and Wage Survey

Guidehouse will develop and administer a Provider Cost and Wage Survey to collect provider information across multiple services. Cost survey and cost report data will serve as the basis for rate studies

- Measure inflationary impact on direct care worker wages
- Determine cost basis for evaluating rate equity for services
- Gather needed data to observe occupancy patterns and billable time
- Investigate differences in costs among frontier/rural/suburban areas
- Solicit general feedback from providers to explore service delivery improvements and efficiencies
- Create service specific surveys where necessary

## Key Deliverables

- Comprehensive Provider Cost and Wage Surveys
- Survey Instructions
- Provider Communications and Support
- Cost Analysis
- Provider Training

# Proposed Survey Design and Topics

Guidehouse will review existing cost reports for Assisted Living, Adult Day and Meals to be mindful of not requesting duplicative information from providers

Survey Topics	Survey Data Points and Metrics	Example Rate Study Data Point(s)
Organizational Information	Provider identification, contact information, and organizational details	-
Total Costs	Costs as reported on general ledger (For providers that do not currently have cost reports)	Indirect costs
Services	Services delivered and the staff providing the service	Staff that are responsible for delivering the service
Wages	Job types, staff types, hourly wages, supplemental pay, and training time	Baseline wages for rate build-up, training assumptions
Service Delivery and Staffing Patterns	Billable vs. Non-Billable time, supervisor and staffing patterns, transportation, occupancy metrics and number of members served	Billable time adjustment, staffing ratio
Provider Benefits	Benefits that organizations offer full-time and part-time employees who deliver services – health, vision and dental insurance, retirement, unemployment benefits and workers' compensation, holiday, sick time, and paid time off	Benefits package or Employee Related Expenses (ERE)
Additional Information	Clarifying comments in addition to the information covered in other worksheets or sections	-



# Example Wage Questions

Wage questions are intended to understand baseline wages and the additional supplemental pay paid to staff. Some wage information can be obtained through collected cost reports, however that information can be outdated.

Supplemental Pay

		Baseline Hourly Wage			Independent Contractor Hourly Rate	Total Number of FTE Positions	Total Regular Hours Paid	Supplemental Pay Hours	
Line	Staff Description	Average	Lowest	Highest	Average			Total Overtime Hours Paid	Total Other Supplemental Pay Hours
		Average	Lowest	Highest	Contractor Wage	Total Number of FTE Positions	Total Regular Hours Paid	Total Overtime Hours Paid	Total Other Supplemental Pay Hours
		\$15.00	\$13.00	\$17.00	\$15.00	5.50	1000.00	50.00	20.00
1	Direct Care Worker								
2	Certified Nursing Assistant								
3	Case Manager								
4	Registered Nurs (RN)								

Baseline Wages

# Example Service Delivery Questions

Service delivery questions will vary depending on the service and dependent on what information we are unable to obtain through cost reports.

1. HOME AND SERVICE CHARACTERISTICS		
Line	Question	Example
1	Number of residences or homes operated by your organization	20
2	Number of residential coordinators employed by your organization	35
3	How many homes, on average, is a coordinator responsible for?	3.75
4	Average number of clients per home operated by your organization	8
5	Average absence days per consumer per month (due to hospitalization, vacation, etc.)	8
6	Average number of zero occupancy days, per home, per year	16

For residential services we look to understand occupancy patterns

2. STAFFING PATTERNS (STAFF TO PARTICIPANT RATIO)		
10	How many individuals, on average, are typically served by one staff or practitioner at a <b>single point in time</b> ?	5
3. SUPERVISOR SPAN OF CONTROL (STAFF TO SUPERVISOR RATIO)		
11	How many staff or practitioners on average are typically supervised by one supervisor?	10
12	How many hours per week do supervisors spend supervising staff?	2
4. TRANSPORTATION AND SERVICE TRIP INFORMATION		
13	Average number of trips per day for each service	10
14	Average minutes per trip per day for each service	30
15	Average miles per trip per day for each service	40

For most services we ask questions to understand details surrounding staffing ratios, supervision and transportation

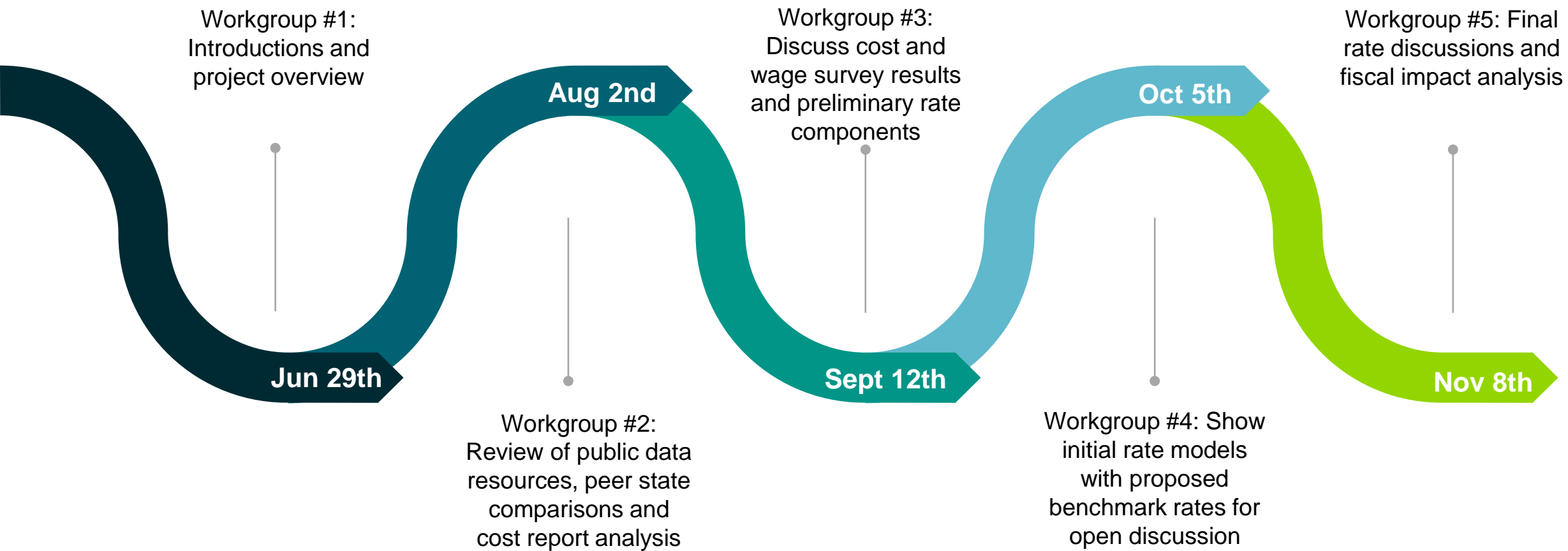
# Advisory Workgroup Timeline and Next Steps

# Proposed Survey Timeline



Participation in the survey is an opportunity to provide critical information that will help inform the development and rebasing of rate setting methodologies and service rates.

# Advisory Workgroup Timeline



**Coy Jones**  
Director, Healthcare

**Claire Payne**  
Associate Director, Healthcare

# Thank You

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